

**THE IMPACT OF FAMILY-FRIENDLY WORKPLACES ON THE
RETENTION OF EMPLOYEE**

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**The thesis is submitted in partial fulfilment of the requirements for the award
of Bachelor of Technology Management (Technology Innovation)**

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JUNE 2019

‘I/We here declared that I/We had read through this thesis and in my/our opinion that this thesis is adequate in term of scope and quality which fulfil the requirements for the award of Bachelor of Technology Management (Technology Innovation).

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“I admit that this report is the result of my own, except certain explanations and passages where every of it is cited with source clearly.”

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DEDICATION

I would like to dedicate the appreciation to my parents who supported me from spiritually and financially, beloved supervisor and also panel who guided me to finish and complete the research study, my housemates and course mates that assisted and helped me through the journey of research.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere appreciation to my supervisor, Dr Mohd Fazli Bin Mohd Sam for guidance and encouragement throughout the journey of completing this final year project. With his guidance, I had successfully managed to finish my final year project. Besides that, there are also a lot of important people involved in my final year project, for instance, my lecturers, friends, housemates and course mates. I am deeply grateful and appreciate for the guidance towards this project.

Furthermore, I sincerely thanks to the researchers that did their research papers as my reference. Although the topic of the research papers were different, but the theory and knowledge provided were fruitful and useful.

The appreciation is also extended to respondents whom spent time in answering my questionnaire. Last but not least, appreciation goes to those who involved either directly and indirectly towards this project. Hopefully, this report will be a reference to others in the future.

ABSTRACT

Nowadays, family-friendly workplace is intended to help employees manage work and personal responsibilities together. The family-friendly workplace can give employers a major advantage in attracting and keeping hard-working employees long-term. The main objective of the researcher in this study is to identify the impact of family-friendly workplaces on the retention of employees. In this study, a quantitative research has been conducted based on questionnaire format. Data of this study will be collected from 384 respondents from different sizes and types of companies in Kuala Lumpur. The variables of family-friendly workplaces include work schedule flexibility, health and wellness, compensation, work-life balance and job satisfaction. The result of this study contributes organization in structuring a good policy to retain employees of their company. The result of the hypothesis test show that five factors detailed in this research give significant results to the factors that cause employee retention. The most important factor of family-friendly workplace that cause the retention of employee is job satisfaction. It showed the highest value of 0.387 in the Unstandardized Coefficients (B value) in multiple linear regression. The correlation of work schedule flexibility, health and wellness, compensation and work-life balance had a strong positive relationship while job satisfaction has very strong relationship with the retention of employee which the correlation value is 0.806. The results indicate that most of the respondents are satisfied and loyal toward their current working organization and intend to stay with the current organization within the next year.

ABSTRAK

Pada masa kini, tempat kerja mesra keluarga bertujuan untuk membantu pekerja menguruskan kerja dan tanggungjawab peribadi bersama-sama. Tempat kerja mesra keluarga boleh memberi majikan menjadi kelebihan utama dalam menarik and mengekalkan pekerja yang bekerja keras jangka panjang. Objektif utama penyelidikan dalam kajian ini adalah untuk mengenalpasti kesan dari tempat kerja mesra keluarga terhadap pengekalan pekerja. Dalam kajian ini, penyelidikan kuantitatif telah dijalankan berdasarkan format soal selidik. Data kajian ini akan dikumpulkan dari 384 responden dari pelbagai saiz dan jenis syarikat di Kuala Lumpur. Pembolehubah tempat kerja mesra keluarga termasuk fleksibiliti jadual kerja, kesihatan dan kesejahteraan, pampasan, keseimbangan kerja dan kepuasan kerja. Hasil kajian ini menyumbangkan organisasi dalam penataan dasar yang baik untuk mengekalkan pekerja syarikat mereka. Hasil ujian hipotesis menunjukkan bahawa lima factor dalam kajian ini memberikan hasil yang signifikan kepada faktor-faktor yang menyebabkan pengekalan pekerja. Faktor yang paling penting dalam tempat kerja mesra keluarga yang menyebabkan pengekalan pekerja adalah kepuasan kerja. Ia menunjukkan nilai tertinggi 0.387 dalam Pekali Unstandardized (nilai B) dalam pelbagai regresi linear. Hubungan korelasi jadual fleksibiliti, kesihatan dan kesejahteraan, pampasan dan imbangan kehidupan mempunyai hubungan positif yang kuat manakala kepuasan kerja mempunyai hubungan yang sangat kuat dengan pengekalan pekerja yang nilai korelasi adalah 0.806. Hasilnya menunjukkan bahawa kebanyakan responden berpuas hait dan setia terhadap organisasi kerja mereka yang sekarang dan berhasrat untuk tinggal dengan organisasi semasa dalam tahun depan.

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LIST OF ABBREVIATIONS AND SYMBOL

ABBREVIATIONS	MEANING
IV	Independent Variable
DV	Dependent Variable
H ₀	Null Hypothesis
H ₁	Alternative Hypothesis
SPSS	Statistical Packages for the Social Science
WSF	Work Schedule Flexibility
HW	Health and Wellness
C	Compensation
WB	Work-life Balance
JS	Job Satisfaction
RE	Retention of Employee

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CHAPTER 1

INTRODUCTION

1.1 Introduction

When an employee enters the office, they bring their whole background including their experience, emotions and responsibilities. All of this affects how an employee performs as well as how they connect with others at work and how they view their company (Nichol, 2014). Family is the motivation to get into work every day, which is why employees appreciate and seek to extend employee benefits to family members and create family-friendly policies (Straz, 2015).

A correlation exists between family-friendly workplace and employee retention. This chapter describes the background of the research project. It will contain the problem statements of the study. The research objectives and research questions of the research are also discussed in addition to that.

1.2 Background of Study

What type of work environment do you prefer? Apart from the scope of the job itself, one factor influences the employees' environmental feelings about work significantly (Poh, 2017). A positive working atmosphere makes employees feel respectable at work, which motivates them throughout the day. Work is meaningful as workers know that what they contribute will affect their organization. Majority of us spend a lot of our lives at work, so it is significant to have a decent working environment, of course. The effects of the working environment on all characteristics of the happiness of a person are far more important than most people realize (Peters, 2013).

A job isn't necessarily fun, it can be difficult and hard to deal with work stress day in and day out. It is hard to learn how to find a stability between the stresses and work and life stresses outside the workplace (Power, 2016). Majority of people spend their lives in the office and it would be disgraceful to spend the hours in a hole (Semerad, 2018). One of the most important lessons learned by many leading companies is that encouraging and promoting a fun working environment that inspires employees to enjoy their work can bring tremendous benefits. Happy staff are loyal staff and loyal staff can do amazing things (Power, 2016).

In terms of career and health, a bad work environment has effects for employees. An employee's less than ideal job performance resulting from setback with bureaucracy, a bad boss, a 70-hour-a-week culture of work, argument between employees and hostility increases fears of condemnation, stress and sadness (Brunot, 2018). Not only does the undesirable environment make employees unhappy with their works, it also makes them not as much of productive (Peters, 2013). In addition, if employee have other things in their mind, they will be more likely to make mistakes.

The quality of office space has always been one of our investment priorities, and it turns out to be key to our strategy for retaining employees (Semerad, 2018). According to Moise (2017), the factors included below may cause work-related stress:

- Long working hours
- High load of work
- Organizational changes
- Strong deadlines
- Duty changes
- Employment insecurity
- Lack of autonomy
- Work boring
- Inadequate skills for the job
- Over-control
- Working environment inadequate
- Lack of adequate resources
- Failure of equipment
- Few opportunities for promotion
- Discrimination against harassment

The culture of work is important to the organization because the ability to attract and retain talent is directly affected (Bhardwaj, 2016). A positive workplace is reflected in the positive working relationships that exist in the workplace. Most companies work to create a committed work environment that distinguishes and enhances their culture, helping to attract candidates as well as retain their current employees (Pollock, 2018).

According to Heathfield (2018) revealed that Professors Ken Thompson (DePaul University) and Fred Luthans (University of Nebraska) emphasize the seven cultural characteristics as following:

- i. Culture = Behavior.
Culture is used to describe the behaviors of the overall environmental working standard.
- ii. Culture is Educated
People learn to behave through the rewards or the undesirable effects of their behaviour.
- iii. Culture is Taught by Communication
Employees learn culture by cooperating with other employees.
- iv. Form of Sub-cultures through rewards
Occasionally employees value rewards that are not related to the managers' behavior for the entire company.
- v. Culture is shaped by people
Employees' traits and involvements create an organization's culture.
- vi. Culture is Negotiated
Employees must try to change the direction, the working environment, the way work is done or the way choices are made in accordance with the general standards of the workplace.
- vii. Culture is hard to change
Changing culture requires changing the behaviors of people. Persistence, discipline, involvement of employees, kindness and understanding, organizational development and training can help change a culture for employees.

A key part of creating a committed working environment is to let employees know that management is concerned about them and their future. According to Gleeson (2017) showed that employees who fit well with their organization, employees and supervisors were more likely to remain with their organization and perform better.

1.3 Problem Statement

Employees are the greatest asset for an organization especially talented employee (Yang, 2018). Retention factors for employees in an organization are more important than ever. One of the most important lessons learned by many leading companies is that encouraging and promoting a fun workplace that inspires employees to enjoy their work can bring tremendous benefits (Power, 2016). Companies that consistently replace employees will sooner or later find out how high turnover is crushing the bottom lines (Son, 2016). The capability of an employer to retain employees is no longer a "good" place to work and employee turnover is expensive, affects an organization's performance and is becoming increasingly hard to manage as the availability of skilled employees continues to decline.

When an organization's best employees are pushed to the brink and decide to seek employment elsewhere, besides simply replacing them with new employees, the organization will lose the talents and institutional knowledge of these people as well (Son 2016). Keeping a positive and inspired staff is vital to the success of an organization (Scott, 2018).

Family-friendly workplace is about many things, but the balance between work and life and flexibility are always high on the list of priorities, particularly the need for parents and caregivers to be able to reconcile their work and their private lives (Langdon, 2018). While family-friendly employment policies can take many forms, companies must look beyond the basics if they really want to impress their employees (Fernandes, 2016). Family-friendly workplace is what an organization needs to implement in current times in order to retain quality staff for organizations. The aim of these family-friendly workplace policies is to retain quality employees as well as to know the satisfaction of employees on the implementation of family-friendly workplace (Filipkowski, 2013).

1.4 Research Questions

The purpose of this research is to determine the effect of family-friendly workplace on the retention of employees.

The research questions are as below:

1. What is the most important factor of family-friendly workplace that causes the retention of employee?
2. Does employee satisfy with their current working organization?

1.5 Research Objectives

To answer the research questions, several objectives are determined to produce research objectives.

The research objectives are as below:

1. To investigate the most important factor of family-friendly workplace that cause the retention of employees.
2. To identify the satisfaction of employees toward their current working organization.